



EquiTrust

# Annual Report 1979

AR44









# Financial Highlights

for the year ended December 31, 1979

The Equitable Trust Company  
Equitrust Mortgage and Savings Company

	1979	1978
Assets Owned .....	\$145,292,447	\$142,320,112
Estates, Trusts and Agencies Under Administration	94,793,235	60,779,599
Total Assets .....	240,085,682	203,099,711
Cash and Securities .....	20,145,670	21,031,239
Mortgages .....	114,033,478	110,207,229
Deposits, Debentures and Guaranteed Investment Certificates .....	135,604,944	131,823,880
Operating Income (Loss) Before Income Taxes .....	(345,292)	335,772
Provision for (Recovery of) Income Taxes .....	(491,600)	(100,500)
Net Operating Income .....	146,308	436,272
Net Operating Income (Loss) — Common Shares .....	(171,046)	221,538
Net Operating Income (Loss) — Per Common Share ...	\$( .24)	\$ .31
Gain on Sale of Investments .....	88,482	96,614
Net Income .....	234,804	531,982
Net Income (Loss) — Common Shares .....	(82,564)	318,152
Net Income (Loss) — Per Common Share .....	\$( .11)	\$ .45
Dividends — Preference Shares - A .....	200,000	200,000
- B .....	117,368	13,830
Dividends — Common Shares .....	99,074	176,782
Dividends — Per Preference Share - A .....	\$2.50	\$2.50
- B .....	\$1.96	\$ .23
Dividends — Per Common Share .....	\$ .14	\$ .25
Shareholders' Equity .....	7,936,716	8,118,354

EQUITRUST MORTGAGE AND EQUITABLE TRUST WERE FEDERALLY INCORPORATED BY SPECIAL ACT OF THE PARLIAMENT OF CANADA AND BY LETTERS PATENT RESPECTIVELY, AND EACH IS LICENSED BY THE MINISTER OF FINANCE AND IS UNDER FEDERAL SUPERVISION.

BOTH EQUITRUST MORTGAGE AND EQUITABLE TRUST ARE MEMBERS OF THE CANADA DEPOSIT INSURANCE CORPORATION.



## OFFICERS\*\*

SAM FOSTER ROSS, Q.C.  
Chairman of the Board and President

WILLIAM ALAN MUIR, C.A.  
Executive Vice-President and  
Chief Executive Officer

WILLIAM VANALEN HOLTON  
Vice-President

FRED SMYTH PAUL  
Assistant General Manager,  
Mortgage and Property Investments

CHARLES ANDREW GUNN  
Assistant General Manager,  
Trust and Personal Services

ALAN JAMES SEAGO, C.A.  
Treasurer

W. RICHARD ZIEMSKI, C.A.  
Comptroller

DONALD JOSEPH USSELMAN  
Assistant General Manager,  
Branches

PHILIP E. SCHEIDING  
Manager, Trust Development

PAUL DAVID PARADIS  
Secretary

## DIRECTORS\*\*

W. ALLAN CAMPBELL, Q.C., Oakville  
Partner / Hamilton, Torrance

‡J. IAN CROOKSTON, Toronto  
Financial Consultant

‡DONALD EDWARD DUNN, C.A., Dorval  
Vice-President, Finance / Henry Birks  
& Sons Ltd.

HUGH STRATHEARN HENDRIE, Burlington  
Company Director

\*‡WILLIAM VANALEN HOLTON, Burlington  
Chairman of the Board / Glendale Spinning  
Mills Limited

‡JAMES ROBERT ALEXANDER LANGS, Hamilton  
President / Long Credon Holdings Limited

\*WILLIAM ALAN MUIR, C.A., Hamilton  
Executive Vice-President of the Company

STEWART PHILP, Hamilton  
Company Director

\*MURRAY PROCTOR, Hamilton  
President / Murray Proctor Industries Limited

ANDREWS FOSTER ROSS, Hamilton  
Manager, Mortgage Banking, of the Company

\*‡SAM FOSTER ROSS, Q.C., Dundas  
Partner / Ross & McBride

HENRY GEORGE THODE, C.C., Ph.D., F.R.S.,  
Lynden. Professor Emeritus / McMaster  
University

\*ROBERT THOMSON, Montreal  
Financial Consultant

\*‡HENRY JAMES MICHAEL WATSON, Hamilton  
Vice-President, Finance /  
The Steel Company of Canada, Limited

\*Member of the Executive Committee.

‡Member of the Audit Committee.

\*\*The Directors and Officers of the Company and of  
The Equitable Trust Company are the same persons.

We submit herewith for your information and consideration our Annual Report for 1979, including the consolidated audited financial statements of Equitrust Mortgage and Saving Company and its subsidiaries The Equitable Trust Company and Equitrust Real Estate Holdings Limited.

## RESULTS OF OPERATIONS AND NET INCOME

1979 was another difficult year in the mortgage and trust industry. An examination of the condensed, consolidated financial information provided by our quarterly reports to you during the year will have illustrated this to some extent.

First quarter results produced a 54% reduction in our net profits compared to the previous year, after provision for recovery of income taxes. During that period, the cost of money continued at high levels as a result of rising interest rates, accompanied by a scarcity of mortgage product as requirements for mortgages decreased. These factors produced historically low margins in our borrowing and lending rates and the growth of our mortgage portfolio was well below normal.

Half-yearly results produced a 32% reduction in our net profits compared to the same period in 1978, after provision for recovery of income taxes, and there were definite indications that the situation would continue throughout the balance of the year. Our problems continued to be rising interest rates and reduction in demand for mortgage loans.

Results for the nine months produced a 48% reduction in our net profits compared to the same period in 1978, after provision for recovery of income taxes. Our problems continued in the same areas.

Furthermore, our net revenues were also reduced during the year in respect of several properties which had been purchased for development as well as other properties which had been foreclosed, or quit claimed to us by mortgagors, and which we feel should be retained either for future sale or revenue-producing investment. These properties can only be disposed of at the present time with a capital loss in each case. However, Management is of the opinion that the capital losses which we would suffer if disposed of at the present time, when compared to the future revenue and capital profit

potentials of these properties, indicate that they should be retained for the time being.

Results for the full year produced, after provision for recovery of income taxes, an annual net profit of \$234,804, being a reduction of approximately 56% compared to the previous year.

## ASSET GROWTH

Assets owned at year end showed a small increase of approximately \$3 million, mainly as a result of the reduction in our mortgage activity. However, growth in our estates, trusts and agencies under administration produced a satisfactory increase of \$34 million, approximately 55% over 1978. During the year, our total assets increased by \$37 million or 18% to approximately \$240 million.

## ANALYSES OF INVESTMENTS, DEBENTURE AND GUARANTEED INVESTMENT CERTIFICATE MATURITIES AND MORTGAGE PORTFOLIO

As in previous years and in accordance with our established policy, our Annual Report again contains analyses of our Investments, Debenture and Guaranteed Investment Certificate maturities and our Mortgage Portfolio. These analyses are set forth in detail on pages 12 to 14 of the Report.

## MORTGAGE PORTFOLIO

Our mortgage portfolio continues to be generally in good condition. As is common in the industry today, an increased number of our mortgages are in default for non-payment of interest and in some cases, principal and taxes. As you will see on page 14 there are 26 mortgages under power of sale action. This compares with 31 at the end of the previous year, 1978. As at the 29th of January, 1980, all payments due up to and including the 31st of December, 1979 had been received, except for payments aggregating \$208,895 in respect of 40 mortgages, including the 26 mortgages under power of sale action. Of those mortgages under power of sale action and otherwise delinquent, we have established a provision of \$61,281 for estimated losses. In the result, of our 2,306 mortgage loans, there are 40 (or less than 2%) presently in arrears, which is probably





**EquiTrust**

considerably better than the average situation in mortgage portfolios today.

Throughout the year, economic conditions continued to make it very difficult for many mortgagors to meet their monthly payments with regularity and a great many mortgagors from time to time have temporarily gone into arrears.

The time and energy expended by the large number of our personnel involved in watching these delinquencies are enormous and costly but are unavoidable in the present economic situation, and common in the mortgage industry today. We expect this situation will continue throughout 1980.

A five-year comparative percentage breakdown of our mortgage portfolio with respect to class of security and aggregate loan amounts, numbers of loans, average sizes of loans and portfolio yield is set forth in the analysis shown in the box on this page.

#### INVESTMENT IN SECURITIES

You will note that our securities investment portfolio reduced somewhat during the year in all areas (bonds, short-term notes, and stocks) resulting in an overall reduction in our securities of approximately 28% compared to 1978. The disposal of a portion of our preference share portfolio resulting in a net profit of \$88,482 (after income taxes) assisted in our final operating results.

#### PURCHASE OF FIDMOR ADVISERS CORPORATION

Each Shareholder was mailed a copy of the Information Circular dated 5th February, 1980 in which reference is made on the closing page to a purchase by the Company from First Hamilton Corporation and its wholly-owned subsidiary, Fidelity Management Limited, of all of the outstanding shares of FidMor Advisers Corporation at the price of \$300,000. Such agreement is conditional upon receipt of the approval of the Superintendent of Insurance of Canada. Under the terms of an Advisory Contract, FidMor Advisers Corporation provides advisory and administrative services to FidMor Mortgage Investors Corporation, a

#### MORTGAGE PORTFOLIO ANALYSIS

	Single Family Dwellings	Multiple Dwellings	Commercial & Industrial	Total
	%	%	%	%
1975.....	59.0	29.1	11.9	100.0
1976.....	59.8	27.4	12.8	100.0
1977.....	55.6	28.8	15.6	100.0
1978.....	55.7	27.4	16.9	100.0
1979.....	53.2	28.3	18.5	100.0

	Number of Loans	Average size of Loans	Portfolio Yield
		\$	%
1975.....	2,149	32,932	10.08
1976.....	2,208	36,030	10.58
1977.....	2,326	41,783	10.61
1978.....	2,407	45,357	10.56
1979.....	2,306	48,995	10.98

mortgage investment company incorporated under the Loan Companies Act of Canada.

Approval of the Superintendent of Insurance has been verbally received, together with an assurance that written approval is forthcoming.

#### RESULTS OF THE EQUITABLE TRUST COMPANY

We are pleased to report that in 1979 there was a marked increase in The Equitable's business in all areas of its activities. We expect these increases to continue in the future and provide an increasing annual contribution to Equitable's profit and the overall profit position of EquiTrust.

Although fees and commissions from Trust Operations and Agencies as well as other excellent business in allied areas continued to increase at a satisfactory rate, the operations of The Equitable for 1979 provided a net loss of \$1,890, compared to a net income of \$122,332



for 1978. These results are included in our consolidated financial statements. The net loss for 1979 was caused by a considerable increase in inter-company charges, without which The Equitable's results would have been well into a profit position. We look forward to continued growth in The Equitable's trust and agency business and we expect that in 1980, barring unforeseen further deterioration in economic conditions, The Equitable will reach a position of profit.

I have already referred to the Financial Highlights on Page 1 which show a satisfactory increase in total Estates, Trusts and Agencies under The Equitable's administration during the year from \$60.8 million in 1978 to \$94.8 million in 1979, which will contribute increases in our profits in the future.

#### EXECUTIVE PERSONNEL STOCK OPTIONS

Reference was also made in the Information Circular to the establishment of a Stock Option Plan for certain key executives of the Company by which options on Treasury stock to the extent of 95,000 common shares were granted to a group of key executives of the Company and its subsidiaries over a period of five years. Such options are exercisable for a period not exceeding eight years and only during employment, or in the event of termination of employment by death or otherwise, within a limited period thereafter. This plan has been submitted to and approved by the Superintendent of Insurance of Canada and conforms with the requirements and conditions of The Toronto Stock Exchange and is subject to your approval and you will be asked to consider and approve such Plan at this meeting.

#### BRANCH ACTIVITY

No new branches were opened during the year. In fact, we reluctantly came to the conclusion that it was in the Company's best interest and a part of our plan for reducing costs of operation that our Cambridge Branch be closed. Our experience has proven that losses occur and continue in new branches for a number of years and the Cambridge Branch was no exception. In the present climate, we felt it was only proper that it be closed and this took effect in December, 1979.

The move of our Undermount Branch in 1978 from its original location to 200 James Street South in Hamilton, appears to have been a wise move and we are generally satisfied with the progress and growth of that Branch.

#### EQUITRUST TOWER

We are pleased to report that full tenancy occupancy of EquiTrust Tower has continued. In addition, the results for 1979 provided a reasonable increase in profits over 1978. We and our partner, Henry Birks & Sons Limited are pleased to report that our joint investment is continuing as an eminently satisfactory one.

#### EQUITRUST REAL ESTATE HOLDINGS LIMITED

In view of present economic conditions in the real estate development market, we have curtailed the activities of Equitrust Real Estate Holdings Limited and we do not expect that they will increase to any great extent during 1980 unless unexpected opportunities become available.

#### DIVIDENDS

As you already know, in mid-year 1979 the Directors felt it to be in the interest of the Company to curtail dividends on the outstanding common shares. Dividends were paid in the first and second quarters but were not paid for the third and fourth quarters of the year. We expect that this situation will continue throughout 1980 unless economic conditions and our operating results change dramatically. On the other hand, our policy to date has been, and we plan to continue to pay dividends on our outstanding first and second preference shares, subject however, to unexpected adverse conditions.

#### EXECUTIVE PERSONNEL PROMOTIONS AND APPOINTMENTS

During the year the following three Executive promotions and appointments were made:

William A. Muir, C.A., formerly General Manager was promoted to Executive Vice-President and Chief Executive Officer





**EquiTrust**

Donald J. Usselman, formerly Supervisor, Savings and Branches was promoted and appointed Assistant General Manager, Branches

Philip Scheiding, formerly a Trust Officer with The Equitable was promoted and appointed Manager, Trust Development.

#### OUTLOOK FOR 1980

In our report last year, we stated that 1979 would be a difficult year for our Company and the industry as a whole and this is one prognostication which was correct. We expect that this situation will continue throughout most if not all of 1980, although there are two schools of thought with respect to the matter, one forecasting a turn for the better and the other a continuation of the present situation. In any event, we feel that 1980 will be a difficult year for our industry which will only improve as a result of an improvement in the economy, accompanied by declining interest rates and wider margins on our investments.

#### RESIGNATIONS AND APPOINTMENTS OF DIRECTORS

The Directors were indeed sorry to lose the excellent services and camaraderie of three of our Directors, Frank W. Baillie who was an original Director, Robert Thomson who has served as a Director of our Company continuously since 1969 and J. Ian Crookston who served as a Director of our Company continuously since 1974.

Mr. Baillie's resignation was accepted with regret in December of 1979 and Mr. Crookston's resignation was accepted with regret in January of this year. Mr. Thomson having reached the "full age of maturity" ceases to qualify as a Director under the provisions of the Loan and Trust Companies Act. On behalf of their fellow Directors and our Shareholders, we thank them sincerely for their interest, advice and guidance throughout their years of service. We hope they will keep in touch with us from time to time as we are sure they will. Two of these gentlemen are present with us today (unfortunately, Mr. Crookston is unable to be present) and later in these proceedings I will have the pleasure of expressing to them the thanks and best wishes of our Directors and Shareholders.

As successors, we welcome three gentlemen, namely, John C. Stradwick, Jr., and Roger N. Thompson who are present today, and David Goldberg, Q.C. who, unfortunately, is unable to be present today. Each of these gentlemen conducts his business operations in the Hamilton area, has been very successful and is highly regarded in his community and the business world.

Mr. Stradwick is a native of Hamilton and presently resides in Burlington. He is President, Chief Executive Officer and a Director of Simcoe Erie Investors Limited which carries on an international insurance business throughout North America and Europe.

Mr. Goldberg is a native and resident of Hamilton. He is a highly regarded and successful lawyer who conducts his practice with the legal firm of Ross & McBride. He is also a Director of several public companies in the communications, insurance and sports areas.

Mr. Thompson is a resident of Dundas and operates or has an interest in several businesses, within and outside Canada, including ownership of the Canadian Tire Store on Upper James Street in Hamilton. Mr. Thompson has many outside interests, including a considerable interest in monetary matters. This summer he plans to be in Johannesburg, South Africa for approximately three weeks attending an international monetary conference.

Their fellow Directors are pleased to welcome them to our Board and I am sure that our Shareholders will feel the same way.

In conclusion, I again publicly acknowledge the tireless, faithful and capable assistance and effort so cheerfully contributed by all employees of the Company during a difficult year.

Yours faithfully,

SAM FOSTER ROSS,  
Chairman and President.

On Behalf of the Board,  
21st February, 1980  
Hamilton, Canada



# Consolidated Statement of Income

for the year ended December 31, 1979

	1979	1978
<b>INCOME</b>		
Investments—Mortgages and other loans .....	\$ 12,474,019	\$ 11,650,770
—Securities (Note 2) .....	2,030,067	1,575,717
Fees and commissions .....	235,116	158,632
Other .....	84,822	100,971
	<u>14,824,024</u>	<u>13,486,090</u>
<b>EXPENSE</b>		
Interest on deposits .....	12,398,413	10,420,285
Salaries and staff benefits .....	1,234,137	1,152,095
Depreciation and amortization .....	50,298	42,294
Other .....	1,486,468	1,535,644
	<u>15,169,316</u>	<u>13,150,318</u>
<b>OPERATING INCOME (LOSS) BEFORE INCOME TAXES</b>	<u>(345,292)</u>	<u>335,772</u>
<b>PROVISION FOR (RECOVERY OF) INCOME TAXES</b>		
Current .....	—	(45,300)
Future .....	(491,600)	(55,200)
	<u>(491,600)</u>	<u>(100,500)</u>
<b>NET OPERATING INCOME</b>	146,308	436,272
Net Gain on Sale of Investments After Applicable Income Taxes of \$88,400 .....	88,482	96,614
<b>NET INCOME before minority interest</b> .....	234,790	532,886
Minority interest in net income of subsidiary .....	(14)	904
<b>NET INCOME FOR THE YEAR (Note 5)</b> .....	<u>\$ 234,804</u>	<u>\$ 531,982</u>





**EquiTrust**

# Consolidated Balance Sheet

## ASSETS

	1979	1978
Cash and demand deposits .....	\$ 10,700,364	\$ 7,973,865
Securities—at cost		
Bonds (Market: 1979—\$1,960,254; 1978—\$2,345,390)	2,302,627	2,557,900
Short-term notes .....	—	1,482,827
Stocks (Market: 1979—\$6,865,781; 1978—\$9,107,703) .....	7,142,679	9,016,647
	<u>9,445,306</u>	<u>13,057,374</u>
Loans		
Demand loans .....	7,808,087	8,130,949
Mortgages .....	114,033,478	110,207,229
	<u>121,841,565</u>	<u>118,338,178</u>
Investment in corporate joint venture (Note 2) .....	854,071	854,471
Investments in real estate— at cost .....	836,433	824,798
Other assets — at cost (Note 9) .....	1,095,345	733,340
Income taxes recoverable .....	56,048	55,705
Fixed assets—at cost, less accumulated depreciation and amortization .....	463,315	482,381
	<u>\$145,292,447</u>	<u>\$142,320,112</u>

We hereby certify that to the best of our knowledge and belief the consolidated balance sheet at December 31, 1979 and the accompanying consolidated statements of income, general reserve and retained earnings and changes in financial position for the year then ended are correct and show truly and clearly the financial condition of the companies' affairs and the results of their operations.

S. F. ROSS	President	} Directors
W. A. MUIR	Executive Vice-President	
H. S. HENDRIE		



as at December 31, 1979

## LIABILITIES

### Deposits

Demand .....	\$ 24,367,742	\$ 25,049,022
Deposit receipts .....	13,281,431	14,391,135
Debentures and Guaranteed Investment Certificates .....	97,955,771	92,383,723
	<u>135,604,944</u>	<u>131,823,880</u>

### Other liabilities

Unadvanced portions of mortgages .....	845,570	896,947
Other .....	620,036	792,536
	<u>1,465,606</u>	<u>1,689,483</u>

### Minority interest in net assets of consolidated subsidiary .....

	<u>12,350</u>	<u>12,364</u>
Provision for future income taxes .....	<u>272,831</u>	<u>676,031</u>

## SHAREHOLDERS' EQUITY

Capital stock (Note 3) .....	6,328,572	6,328,572
General reserve (Note 4) .....	1,650,000	1,650,000
Retained earnings .....	(41,856)	139,782
	<u>7,936,716</u>	<u>8,118,354</u>
	<u>\$145,292,447</u>	<u>\$142,320,112</u>

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Equitrust Mortgage and Savings Company as at December 31, 1979 and the consolidated statements of income, general reserve and retained earnings, and changes in financial position for the year then ended and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1979 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

COOPERS & LYBRAND  
Chartered Accountants

Hamilton, January 21, 1980



# Consolidated Statement of General Reserve and Retained Earnings

for the year ended December 31, 1979

## GENERAL RESERVE

	1979	1978
Balance—Beginning of year	\$ 1,650,000	\$ 1,500,000
Appropriation from retained earnings	—	161,224
	1,650,000	1,661,224
Cost of issuing preference shares	—	11,224
Balance—End of Year	<u>\$ 1,650,000</u>	<u>\$ 1,650,000</u>

## RETAINED EARNINGS

Balance—Beginning of year	\$ 139,782	\$ 159,636
Net income for the year	234,804	531,982
	374,586	691,618
Deduct: Dividends—Preferred - A	200,000	200,000
- B	117,368	13,830
Common	99,074	176,782
Appropriation to general reserve	—	161,224
	416,442	551,836
Balance—End of year	<u>\$ (41,856)</u>	<u>\$ 139,782</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### Principles of Consolidation

These consolidated financial statements include the accounts of the company and its subsidiaries, The Equitable Trust Company which is 99.4% owned and Equitrust Real Estate Holdings Limited which is wholly-owned.

The investment in a corporate joint venture is accounted for on the equity basis.

#### Fixed Assets

Fixed assets are stated at cost. Depreciation is provided for furniture and fixtures on a straight-line basis over a period of eight years. Leasehold improvements are amortized over the remaining terms of the leases.

### 2. INVESTMENT IN CORPORATE JOINT VENTURE

The company's share of the net income of the corporate joint venture of \$59,600, including \$35,000 dividends on preference shares, is included with income from securities in the statement of income.

### 3. CAPITAL STOCK

#### Authorized

200,000 Cumulative, redeemable preference shares with a par value of \$25 each  
2,500,000 Common shares with a par value of \$4 each

	1979	1978
Issued		
80,000 Series A preference shares	\$2,000,000	\$2,000,000
60,000 Series B preference shares	1,500,000	1,500,000
707,143 Common shares	2,828,572	2,828,572
	<u>\$6,328,572</u>	<u>\$6,328,572</u>

The Series A preference shares bear an interest rate of 10% per annum and are redeemable after June 30, 1981 at the par value of \$25 each plus a premium of \$1.50 per share reducing by \$.25 per share annually. Each Series A preference share is convertible into 4% common shares to June 1, 1982 and 3% common shares thereafter to June 1, 1986.

The Series B preference shares bear dividends payable quarterly at the rate of 1½% plus one-half bank prime rate per annum with additional dividends accruing at the same rate on any unpaid dividends. A minimum number of shares are redeemable at their par value of \$25 each on October 31 each year, commencing in 1981, as indicated below:

1981	3,000
1982-1984	6,000
1985-1987	9,000
1988	Balance then outstanding



# Consolidated Statement of Changes in Financial Position

for the year ended December 31, 1979

## FUNDS DERIVED FROM:

	1979	1978
Operations		
Net income	\$ 234,804	\$ 531,982
Add (deduct) non-cash items charged against net income		
Depreciation and amortization	50,298	42,294
Provision for loan losses	210,863	344,317
Deferred income taxes	(403,200)	(55,200)
Other	(24,614)	(24,990)
	68,151	838,403
Increase (decrease) in deposits		
Demand	(681,280)	2,468,685
Deposit receipts	(1,109,704)	(461,503)
Debentures and guaranteed investment certificates	5,572,048	14,023,979
	3,781,064	16,031,161
Other		
Issue of preference shares	—	1,500,000
	<u>\$ 3,849,215</u>	<u>\$ 18,369,564</u>

## FUNDS APPLIED TO:

Increase (decrease) in investments		
Cash and demand deposits	\$ 2,726,499	\$ 1,736,057
Bonds	(255,273)	1,470
Short-term notes	(1,482,827)	(3,526,880)
Stocks	(1,873,968)	3,329,537
Demand Loans	(191,246)	2,193,518
Mortgages	3,905,496	12,282,250
Real estate	11,635	16,950
Corporate joint venture	(25,000)	—
	2,815,316	16,032,902
Other		
Decrease in other liabilities	223,877	1,508,455
Increase in other assets	362,005	110,618
Increase in income taxes recoverable	343	55,705
Purchase of fixed assets	31,232	260,048
Expense of issuing preference shares	—	11,224
Dividends paid	416,442	390,612
	1,033,899	2,336,662
	<u>\$ 3,849,215</u>	<u>\$ 18,369,564</u>

### 4. GENERAL RESERVE

Included in general reserve is contributed surplus of \$394,141 (1978 — \$394,141) representing the premium on issue of shares less costs after applicable income taxes.

### 5. INCOME PER COMMON SHARE

The income (loss) per share figures are calculated using the weighted daily average number of shares outstanding and after providing for preference share dividends.

1979	1978
<u>\$ (.11)</u>	<u>\$ .45</u>

### 6. GUARANTEED TRUST ACCOUNT

Included in total assets are assets held for the guaranteed trust account of \$34,819,397 (1978 - \$31,547,745) securing the guaranteed trust liabilities of \$34,819,397 (1978 - \$31,547,745).

### 7. LONG-TERM LEASE COMMITMENTS

Minimum annual commitments under leases of a duration of more than one year total \$202,237.

### 8. REMUNERATION OF DIRECTORS AND OFFICERS

The aggregate direct remuneration paid or payable to the directors and officers during the year amounted to \$315,980 (1978—\$319,070).

### 9. SUBSEQUENT EVENT

(a) The company has entered into an agreement effective January 1, 1980 offering to purchase all the outstanding shares of FidMor Advisers Corporation for \$300,000. The offer to purchase is subject to the approval of the Superintendent of Insurance of Canada and provides that the company may terminate the agreement at any time until FidMor Advisers Corporation accumulated net income available to the company together with the sum of dividends paid to the company reach a total of \$300,000. FidMor Advisers Corporation is involved in providing advisory and administrative services. The \$300,000 has been advanced at December 31, 1979 and is included in other assets.

(b) On January 23, 1980, the Directors approved a stock option plan for its senior employees under which 95,000 common shares were reserved for allotment. The plan provides for the granting of options at a price of \$4.00 per share and such options expire eight years from the date of allotment. All shares reserved under the plan are to be allotted by December 31, 1984. The plan is subject to the prior approval of the Common Shareholders of the Company, and all necessary regulatory authorities.

## CASH AND DEMAND DEPOSITS

Cash on hand and in the bank .....	\$ 1,645,912
Demand deposits with chartered banks .....	9,054,452
	<u>\$ 10,700,364</u>

## SECURITIES

### BONDS

	Par	Market	Cost (Including amortized discount)
Government of Canada .....	\$1,225,000	\$1,112,523	\$1,222,518
Canadian Provinces .....	325,000	222,068	324,013
Canadian Municipalities .....	10,000	7,750	9,282
Canadian Corporations .....	700,000	570,563	699,483
	<u>2,260,000</u>	<u>1,912,904</u>	<u>2,255,296</u>
Accrued interest .....	47,331	47,331	47,331
	<u>\$2,307,331</u>	<u>\$1,960,235</u>	<u>\$2,302,627</u>

### STOCKS

	Market	Cost
—Preferred .....	\$ 6,305,847	\$ 6,582,997
—Common .....	500,000	500,000
	<u>6,805,847</u>	<u>7,082,997</u>
Accrued dividends .....	59,682	59,682
	<u>\$ 6,865,529</u>	<u>\$ 7,142,679</u>

## LOANS

### DEMAND LOANS

Secured loans to Investment Dealers .....	\$ 1,000,000
Secured loans and advances to customers * .....	6,701,648
	<u>7,701,648</u>
Accrued interest .....	106,439
	<u>\$ 7,808,087</u>

\* As at December 31, 1979 there were three unsecured loans aggregating \$80,554. in default. Principal and interest payments on all other loans have been made as agreed upon.



## MORTGAGES

### PRINCIPAL BALANCE AND YIELD

2,306 Loans with an average yield of 10.98% (December 31, 1978 — 10.56%) .....	\$112,981,796
Less provision for estimated losses .....	<u>61,281</u>
	112,920,515
Accrued interest .....	<u>1,112,963</u>
	<u><u>\$114,033,478</u></u>

### MATURITIES

	Amount	Percentage
1980 .....	\$ 26,774,179	23.7
1981 .....	27,244,757	24.1
1982 .....	23,231,365	20.6
1983 .....	17,510,325	15.5
1984 .....	17,356,474	15.3
1985-1989 .....	197,298	.2
Beyond 1989 .....	667,398	.6
	<u>\$112,981,796</u>	<u>100.0</u>

### CLASS OF SECURITY

	Number of loans	Amount	Percentage
Single Family Dwellings			
Under \$10,000 .....	162	\$ 1,199,332	1.1
Between \$10,000 - \$20,000 .....	414	6,444,104	5.7
Between \$20,000 - \$40,000 .....	910	27,343,894	24.2
Over \$40,000 .....	486	25,112,521	22.2
	<u>1,972</u>	<u>60,099,851</u>	<u>53.2</u>
Multiple Dwellings			
Under \$50,000 .....	29	982,436	.9
Between \$50,000 - \$100,000 .....	45	3,323,998	2.9
Between \$100,000 - \$200,000 .....	28	4,047,596	3.6
Over \$200,000 .....	61	23,621,050	20.9
	<u>163</u>	<u>31,975,080</u>	<u>28.3</u>
Commercial and Industrial			
Under \$50,000 .....	54	1,782,134	1.6
Between \$50,000 - \$100,000 .....	56	4,141,313	3.7
Between \$100,000 - \$200,000 .....	34	4,975,149	4.4
Over \$200,000 .....	27	10,008,269	8.8
	<u>171</u>	<u>20,906,865</u>	<u>18.5</u>
Average loan amount — \$48,995 .....	<u>2,306</u>	<u>\$112,981,796</u>	<u>100.0</u>

## GEOGRAPHICAL LOCATION

	Number of Loans	Amount
Hamilton and area .....	711	\$32,413,084
Brantford and area .....	293	10,705,210
Burlington and area .....	231	11,895,768
Guelph and area .....	368	18,625,860
Niagara Peninsula and area .....	151	8,402,013
Brampton - Oakville and area .....	99	5,390,370
Toronto and area .....	346	18,090,150
Georgian Bay and area .....	50	1,476,503
Simcoe and area .....	22	656,710
Caledonia and area .....	30	2,269,434
London and area .....	2	829,630
Sudbury .....	2	227,064
Ottawa and area .....	1	2,000,000
	<u>2,306</u>	<u>\$112,981,796</u>

## UNADVANCED PORTIONS OF LOANS

The aggregate sum of \$845,570 remains to be advanced in respect of thirty-two loans.

## OUTSTANDING LOAN COMMITMENTS

A total of three loans having an aggregate principal amount of \$1,651,500 have been committed by the Companies on which no funds have been advanced.

## ADMINISTRATION

Method of Payment  
Substantially all loans are repayable by combined monthly

payments of principal, interest and taxes. The principal payments are based on fifteen to thirty year amortization plans, except for one loan which is amortized over thirty-five years.

## Delinquencies

There are twenty-six mortgages under power of sale action.

As at January 29, 1980 all mortgage payments due up to and including December 31, 1979 have been received except for payments aggregating \$208,895 in respect of 40 mortgages, including the mortgages under power of sale action.

## ANALYSIS OF DEBENTURE AND GUARANTEED INVESTMENT CERTIFICATE MATURITIES

	Amount	Percentage
1980 .....	\$22,751,703	25.0
1981 .....	17,400,796	19.2
1982 .....	17,939,387	19.7
1983 .....	19,431,025	21.4
1984 .....	13,265,811	14.6
Beyond 1984 .....	78,300	.1
	<u>90,867,022</u>	<u>100.0</u>
Accrued interest .....	7,088,749	
	<u>\$97,955,771</u>	



## TOTAL ASSETS OWNED

MILLIONS OF DOLLARS



## MORTGAGES

MILLIONS OF DOLLARS



## DEMAND DEPOSITS AND DEPOSIT RECEIPTS

MILLIONS OF DOLLARS



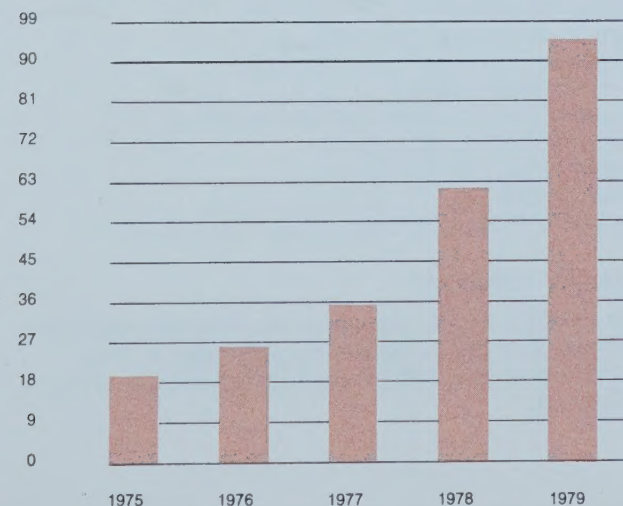
## DEBENTURES AND GUARANTEED INVESTMENT CERTIFICATES

MILLIONS OF DOLLARS



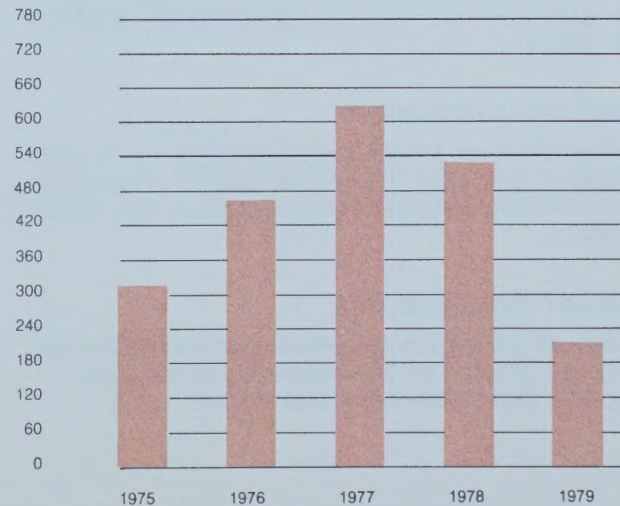
## ESTATES, TRUSTS AND AGENCIES

MILLIONS OF DOLLARS



## NET INCOME AFTER TAXES

THOUSANDS OF DOLLARS





## SAVINGS ACCOUNTS

Interest is paid on savings accounts calculated on your minimum monthly balance and credited to your account each April 30th and October 31st. The interest rate currently being paid may be ascertained by enquiry at any of the company's offices.

## CHEQUING / CURRENT ACCOUNTS

Interest is paid on all chequing accounts having a minimum half-yearly balance of \$500. No service charges are applied on accounts maintaining such balances. Monthly statements, along with cancelled cheques, are available to customers requiring them on the first business day of the month.

## PREFERRED PLAN 60 ACCOUNTS (For those sixty years and over)

Interest is paid on the minimum monthly balance and credited monthly. The rate paid is  $\frac{1}{4}$  of 1 per cent higher than our regular savings. In addition there are no service charges for cheques, payment of utility bills, or for the purchase of travellers cheques.

## DEBENTURES AND GUARANTEED INVESTMENT CERTIFICATES

Interest paid at competitive rates on terms from 1 to 5 years. Minimum amount \$500. Interest is paid half-yearly or may be compounded and paid at maturity. Interest may also be paid monthly on amounts over \$5,000. Debentures and G.I.C.'s may be cashed at par in the event of the death of the holder, at the option of his or her personal representative.

## CONSUMER LOANS

Consumer loans are now available for our customers who wish to purchase automobiles, furniture, etc. on the instalment purchase plan. Interest rates on these loans are competitive with other financial institutions offering this facility.

## TRUSTEE INVESTMENTS

Deposit Receipts, Debentures and G.I.C.'s are authorized Trustee investments. Trustees may open trust savings or trust chequing accounts with the Company for surplus funds.

## SAFETY DEPOSIT BOXES

These are available to our customers at reasonable rates and may be used for the safekeeping of securities, valuable documents or personal articles.

## FIRST MORTGAGE LOANS

First mortgage loans are readily available at current rates to assist in the purchase of your new home or for building, remodelling, refinancing or consolidation of outstanding debts.

## REAL ESTATE APPRAISALS

Our qualified appraisal staff is available to appraise your property for all purposes.

## REAL ESTATE SALES AND PURCHASES

The qualified staff of Fidelity Realty Limited is available to advise and assist in sales or purchases of residential properties and with respect to acquisitions and sales of commercial and realty investment properties.

## PROPERTY MANAGEMENT

Our management staff is available to manage your revenue producing properties.

## INVESTMENT MANAGEMENT ACCOUNTS

This is a service designed to assist in the care and management of your investments. With this service you will receive on a continuing basis the expert advice of our Investment Committee and this advice will be tailored to your needs and personal objectives.

## INVESTMENT CUSTODIANSHIP ACCOUNTS

This service is designed for those who wish to actively supervise their own investment portfolios but who also wish to relieve themselves of the record keeping and other routines entailed in an investment portfolio.

## TRUST SERVICES

Estate planning  
Executor and Trustee  
Inter vivos trusts  
Registered Retirement Savings Plans  
Pension Funds administration  
Religious, Educational and Charitable  
Funds administration  
Registered Home Ownership Savings Plans  
Deferred Profit Sharing Plans  
Registrar and Transfer Agent  
Bond Trustee  
Insurance Trustee for Condominium Corporations

## SUNDRY SERVICES

The Companies offer the many other financial and trust services available elsewhere including save by mail facilities, travellers cheques, foreign remittances, money orders, etc.





**EquiTrust**

## Offices

---

### HEAD OFFICE

Sixteenth Floor, EquiTrust Tower,  
One James Street South, Hamilton, Canada

### EXECUTIVE OFFICES

Second Floor, EquiTrust Tower  
One James Street South, Hamilton, Canada

### BRANCHES

#### HAMILTON:

2 King Street East  
C. V. Baker, Manager

200 James Street South  
Mrs. D. C. Dixon, Manager

#### BURLINGTON:

502 Brant Street at Caroline  
D. O. Tarrington, Manager

#### BRANTFORD:

28 Market Street at Dalhousie  
O. Risebrough, Manager

#### GUELPH:

54 St. George's Square  
J. H. A. Myles, Manager

#### TORONTO:

Suite 502, 102 Church Street  
K. Foston, Mortgage Manager

